

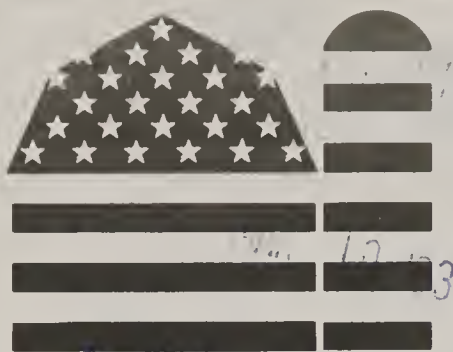
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# FARMERS' NEWSLETTER

## Feed Grains



September 79/F-11

### When Should You Sell Your Crop?

Grain prices are usually lower at harvest than at other times of the year. But this year's pricing pattern may be trickier to figure out because large export sales may overshadow the normal seasonal pattern. For example, corn export sales for the 1979/80 marketing year are nearly 500 million bushels ahead of new-crop commitments at this time last year.

Prices have not weakened as much as might be expected with the unprecedented harvest in prospect. The 1979/80 price pattern will depend partly on the timing of foreign purchases. And, as usual, prices next spring and summer will be affected by U.S. and world crop prospects at that point.

### Compare Your Pricing Options

- If you think prices look good, you could sell your crop at harvest to your local elevator or other local buyers. With feed grain prices averaging about 25 percent above a year ago, now may be an

opportune time to lock in a price on part of your new crop. But consider your alternatives for storing and holding for later sale.

- You may be able to forward contract with your elevator if its post-harvest quotations seem attractive.
- You may want to hedge your grain directly with a futures contract. Such contracts usually protect the seller from price changes, since any gains or losses in settling the contract usually offset opposite changes in the cash price. Recently, however, December futures corn contracts have been trading at about the same level as current cash market prices.
- You may want to consider a loan on your crop to help tide you over while you hold out for a later sale. Check with your bank, or if you signed up and are in compliance with the 1979 feed grain program, you're eligible for Government loans. Check with your local ASCS office.

You can also extend Government loans on 1978-crop corn, sorghum, soybeans, barley, and oats for 6 months if you wish. Again, contact the ASCS office where you obtained the loans.

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● You may decide to feed your grain. Fewer cattle will be on feed in the year ahead since both feed grain and feeder cattle will cost more. Good pasture conditions in many areas and record hay supplies are encouraging producers to hold heifers to rebuild breeding herds, thus strengthening feeder calf prices.

Cattle prices will continue strong in the coming year, so marketing grain through cattle may prove profitable for some, despite higher costs.

Meanwhile, there is an abundance of pigs. Farmers figure to boost hog slaughter in the next 6 months close to 20 percent from a year earlier. But subsequently, lower slaughter hog prices and higher feed costs may cause some selloff of breeding stock. However, production during the second half of the feeding year likely will still be up around a tenth from a year earlier.

Production and marketing costs for broilers and turkeys will

FEED GRAIN STOCKS TO FALL

	1978/79 <sup>1</sup>	1979/80	
		Projected	Range <sup>2</sup>
Million metric tons			
Beginning stocks	41.2	45.3	
Production	271.3	220.9	±8.0
Imports	0.3	0.3	
Supply, total	258.8	266.5	
Feed	132.7	136.5	±9.0
Food, seed, and industrial uses	19.7	20.0	
Domestic use	152.4	156.5	±9.0
Exports	61.1	71.1	±5.0
Use, total	213.5	227.6	±12.0
Ending stocks	45.3	38.9	±8.0

<sup>1</sup> Estimated. <sup>2</sup> Chances are about 2 out of 3 that the outcome will fall within the indicated range.

be higher in coming months because of higher costs of feed and other inputs. So broiler producers face negative returns. Returns to turkey and egg producers will decline but should continue positive.

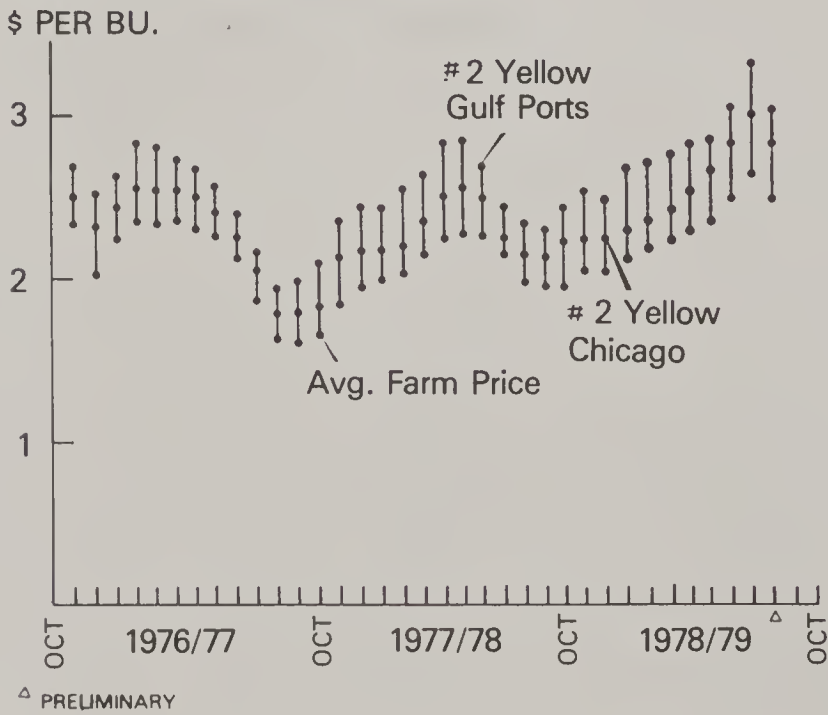
Additional Loans Available

If you're in compliance with feed grain program provisions, you're eligible for loans on farm-stored, high-moisture corn and sorghum at the loan rate in effect for the county where the crop is stored.

However, for every 1 percent that the moisture level exceeds USDA's "dry grain factor," loans will be reduced 1.2 percent. The "dry grain factor" is 15.5 percent for corn; and 14 percent for sorghum.

It's not essential to dry these grains if they're to be used for feed. Eliminating the drying requirement for high-moisture or acid-treated corn and sorghum saves you money and conserves energy.

CORN PRICES PEAK IN JULY



U.S. INCREASES LEAD IN  
WORLD COARSE GRAIN TRADE<sup>1</sup>

Item	Estimated 1978/79	Projected 1979/80	Change 1978/79 to 1979/80
<i>Million metric tons</i>			
Production			
United States	218.0	221.5	+ 3.5
Rest of world	532.0	507.8	- 24.2
Total	750.0	729.3	- 20.7
Exports			
United States	57.5	71.1	+ 13.6
Major foreign <sup>2</sup>	23.2	21.7	- 1.5
Other	9.3	7.4	- 1.9
Total	90.0	100.2	+ 10.2
Imports			
West Europe	24.2	25.5	+ 1.3
USSR	10.0	21.0	+ 11.0
Japan	17.9	18.3	+ 0.4
Other	37.9	35.4	- 2.5
Total	90.0	100.2	+ 10.2

<sup>1</sup> July/June years. <sup>2</sup> Includes Canada, Australia, Argentina, South Africa, Thailand, and Brazil.

If you're going to feed your grains, you may find these loans helpful in financing your feeding operations. For further details, contact your local ASCS office.

Record Harvest, Record  
Export Prospects, Higher Prices

U.S. farmers will harvest a record 7.27 billion bushels of corn, 3 percent more than last year's record, according to

FEED GRAIN FARM PRICES TO  
AVERAGE HIGHER

	1978/79	1979/80 <sup>1</sup>
<i>Dollars per bushel</i>		
Corn . . . . .	2.20	2.40-2.70
Sorghum . . . . .	2.00	2.30-2.55
Barley . . . . .	1.90	2.20-2.40
Oats. . . . .	1.18	1.25-1.45

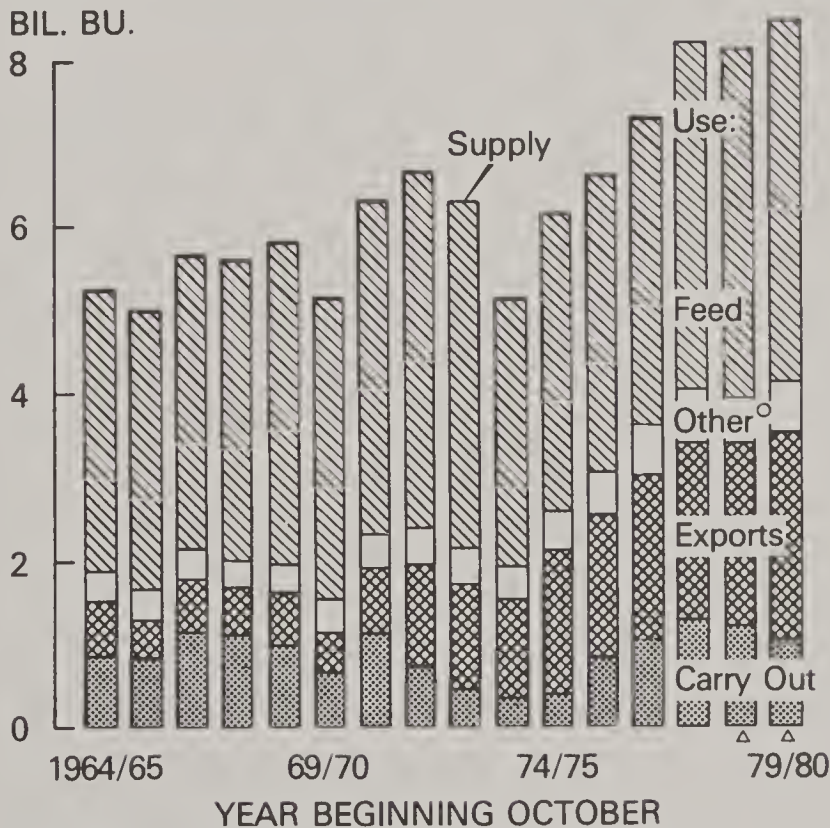
<sup>1</sup> Estimated.

September 1 prospects. Chances are about 2 out of 3 that the actual harvest will fall between 6.9 and 7.6 billion bushels.

Total feed grain production (corn, sorghum, oats, and barley combined) will also reach a new high of 221 million metric tons, 2 percent more than last year, with chances of the final production ranging between 213 and 229 million. Another record: soybean production of 2.17 billion bushels, 18 percent more than last year's record, with chances for final production falling within the range of 2.09 to 2.26.

The large harvest and the beginning stocks for the 1979/80 marketing year will push feed grain and oilseed supplies to alltime highs. However, disappearance of these commodities is also projected at record levels for 1979/80.

CORN SUPPLIES AT NEW HIGH



<sup>Δ</sup> FIGURES FOR 1978/79 AND 1979/80 ARE ESTIMATES AND FORECASTS AS OF MID-JULY. INCLUDES CORN USED FOR FOOD, SEED, AND INDUSTRY.

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Even so, feed grain prices are expected to remain strong and average higher than last year--primarily because of larger exports.

But soybeans likely will average \$5.75 to \$6.50 per bushel, a little below 1978/79's near-record \$6.75.

## Poorer Crop Prospects in USSR and Europe Boost U.S. Exports

With production down in some other countries and grain supplies very large here at home, U.S. exports should be substantially larger in the year ahead.

World total grain production in 1979/80 (wheat, coarse grain, and rough rice) is down about 4 percent from last year. Placed at 1,505 million metric tons, it's still the second largest on record. But sustained economic growth and increasing livestock feeding in many countries are boosting world grain requirements.

The forecast for coarse grain (corn, sorghum, barley, oats, and rye) production outside

the United States is 508 million metric tons, down 5 percent from 1978/79. Production in the USSR is expected to drop from 105 million metric tons to 85 million.

Smaller coarse grain crops are also expected in Western Europe and India, and in the exporting countries of Canada, Argentina, and Australia. In addition, logistical problems and labor disputes in some competing exporting countries have prevented much expansion of their exports.

Reduced wheat production in most of these countries also will contribute to strong U.S. feed grain exports. Foreign buyers often buy U.S. corn to make up for shortfalls in their wheat crops.

The result: U.S. feed grain exports of around 71 million metric tons, up from 1978/79's record 61 million. Large U.S. crops always strain capacities of domestic transportation and marketing facilities, and this will have some bearing on the volume of grain and soybean exports in 1979/80.